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CHINA

China's Pursuit of Fugitive Businessman Guo Wengui Kicks Off Manhattan Caper Worthy of Spy Thriller

Pressure from Beijing officials seeking Mr. Guo's return sparks frantic response from Trump administration—and Penn Station, JFK airport standoffs



Chinese businessman Guo Wengui at his apartment at the Sherry-Netherland Hotel in Manhattan, where he says he was visited by officials from China's Ministry of State Security. PHOTO: MICHAEL BUCHER/THE WALL STREET JOURNAL

By Kate O'Keefe, Aruna Viswanatha and Cezary Podkul
Updated Oct. 22, 2017 8:28 p.m. ET

Guo Wengui, a wealthy Chinese businessman, sat in the sun room of his apartment on the 18th floor of the Sherry-Netherland Hotel on New York's Fifth Avenue. With him were four officials from China's Ministry of State Security, whom Mr. Guo had agreed to meet.

For many months, Mr. Guo, from his self-imposed exile, had been using Twitter to make allegations of corruption against senior Chinese officials and tycoons. During the hourslong conversation, the officials urged him to quit his activism and return home, after which the government would release assets it had frozen and leave his relatives in peace.

Liu Yanping, the lead official, said he had come on behalf of Beijing "to find a solution," according to Mr. Guo and a partial audio recording Mr. Guo said he made of the May encounter and posted online in September.

Mr. Liu's demeanor made clear this wasn't a friendly negotiation, and he hinted at the risks for Mr. Guo. "You can't keep doing this forever," Mr. Liu can be heard telling Mr. Guo on the audio recording, reviewed by The Wall Street Journal. "I'm worried about you, to tell you the truth."

The dramatic meeting sparked an unresolved debate within the Trump administration over the Guo case and laid bare broader divisions over how to handle the U.S.'s top economic and military rival, according to people familiar with the matter. U.S.-China relations have been upset by disagreements over trade, cyberespionage and policy toward North Korea, and Mr. Guo's New York stay is only adding to the tension.

The Chinese officials, who were in the U.S. on visas that didn't allow them to conduct official business, caught the attention of the Federal Bureau of Investigation, which wanted to move against them, according to people familiar with the matter. The bureau's effort ran into friction with other U.S. officials, including those at the State Department, who have tended to favor a less-confrontational approach, according to the people.

Some U.S. national security officials view Mr. Guo, who claims to have potentially valuable

EXHIBIT

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Mr. Guo shows a video he says he made of the visit to his home by Chinese state security officials. PHOTO: MICHAEL BUCHER/THE WALL STREET JOURNAL

information on top Chinese officials and business magnates and on North Korea, as a useful bargaining chip to use with Beijing, the people said.

The episode took a twist when President Donald Trump received a letter from the Chinese government, hand-delivered by Steve Wynn, a Las Vegas casino magnate with interests in the Chinese gambling enclave of Macau. Mr. Trump initially expressed interest in helping the Chinese government by deporting Mr. Guo, but other senior officials worked to block any such move, according to people familiar with the matter.

The Chinese Embassy in Washington declined to comment.

Wynn Resorts Ltd. Chief Marketing Officer Michael Weaver said in a written statement to the Journal: "[T]hat report regarding Mr. Wynn is false. Beyond that, he doesn't have any comment."

HIGHLIGHTS

- **WHO:** Guo Wengui, also known as Miles Kwok, is a wealthy Chinese businessman who fled China in 2014 and entered the U.S. the following year.
- **WHY HE MATTERS:** In 2017, Mr. Guo launched an aggressive campaign to expose alleged corruption among China's business and political elites, which has elicited sharp rebukes from the Chinese government. Beijing's subsequent alleged efforts to remove Mr. Guo from the U.S. and bring him back to China have become a flashpoint in the U.S.-China relationship.
- **TARGETS:** Among others, Mr. Guo is taking aim at Wang Qishan, the Communist Party's top anticorruption official and a close ally of Chinese President Xi Jinping. Mr. Guo claims the Wang family owns a large interest in HNA Group, one of the country's largest and most acquisitive conglomerates. HNA has denied the charge and sued Mr. Guo for defamation.
- **ALLEGATIONS:** China is investigating Mr. Guo in at least 19 major criminal cases that involve bribery, kidnapping, fraud, money laundering and rape. Mr. Guo has denied the allegations and said they are part of a misinformation campaign against him being waged by Chinese officials.
- **LEGAL STATUS:** Mr. Guo applied for asylum in the U.S. in September and his application is pending. Beijing has declared him a criminal suspect and has requested an Interpol arrest notice against him.

Mr. Guo, who built a real-estate empire in Beijing, has said he fled China in 2014 after hearing that a state security official to whom he

was close would soon be arrested. Beijing has said it is investigating Mr. Guo in at least 19 major criminal cases that involve bribery, kidnapping, fraud, money laundering and rape, allegations that Mr. Guo denies.

Beijing has branded Mr. Guo as an attention-seeking criminal. Beginning this year, his near daily broadcasts on Twitter alleging official corruption have attracted many followers in China, who find ways to bypass China's internet firewall.

Mr. Guo's application for asylum in the U.S. is pending. He settled at the Sherry-Netherland in 2015, paying \$67.5 million for the apartment overlooking Central Park.

The account of Mr. Guo's interactions with U.S. and Chinese officials is based on a review of audio and video recordings he said he made of some conversations, discussions with Mr. Guo and with U.S. officials familiar with the matter.

The recent chapter in China's pursuit of Mr. Guo began May 24, when Mr. Liu, a top official in charge of discipline at the security ministry—China's equivalent of the Central Intelligence Agency—went with his colleagues to the fugitive's New York home. They entered the U.S. on

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transit visas, which allow foreign government officials only to travel through the U.S. for a short period en route to another destination.

Mr. Guo said he had agreed to meet the officials because Mr. Liu had permitted Mr. Guo's wife to leave China and join him in the U.S.

Diplomatic Sore Points

Other individuals who were problems for the U.S.-China relationship

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Chen Guangcheng

In 2012, blind legal activist Chen Guangcheng escaped from house arrest in his home village in eastern China, was secreted into Beijing by friends and eventually found his way into the U.S. embassy. His flight, most of it accomplished on a broken leg, sparked a diplomatic crisis that took weeks of frantic negotiations to resolve. He later

The Chinese officials spoke to Mr. Guo at length, touching on subjects including employees and family members who had been detained in China. Mr. Guo said the officials told him the government would treat him favorably only if he would stop inciting anti-Communist Party sentiment.

Mr. Guo didn't agree to the officials' demands.

Later that afternoon, at the beginning of rush hour around 5 p.m., agents from the FBI confronted the Chinese officials at New York's Pennsylvania Station, according to people familiar with the incident.

At first, the Chinese said they were cultural affairs diplomats. Then they admitted to being security agents. The FBI agents instructed them to leave the country, saying they were in violation of their visas and weren't to speak to Mr. Guo again.

The Chinese got on the train to Washington. The FBI assumed they would be gone in 24 hours.

Two days later, on May 26, Mr. Liu and the other Chinese officials returned to Mr. Guo's apartment ahead of a planned flight back to China in the late afternoon.

U.S. law-enforcement authorities, whom Mr. Guo had told about the impending visit, decided it was time to act. The U.S. Attorney's office in Brooklyn prepared charges alleging visa fraud and extortion, according to people familiar with the matter. FBI agents raced to John F. Kennedy International airport ahead of the officials' scheduled 4:50 p.m. Air China flight.

Meanwhile, the Chinese officials dined on dumplings prepared by Mr. Guo's wife, who was still grateful to Mr. Liu for letting her leave China, according to her husband. Mr. Guo said he again declined the officials' offer of clemency in exchange for silence, and walked the group out of the building.

Prosecutors were still scrambling to secure final signoff from Washington to go ahead with the planned arrests at the airport.

With the flight preparing to board and FBI agents taking positions on the jet bridge, White House national security officials convened a conference call with participants from the State and Justice Departments, the Pentagon and the intelligence community.

State Department officials, worried about collateral consequences for U.S. personnel in China, hesitated to approve the Justice Department's plan to make arrests.

An alternative was presented: Subject the Chinese officials to additional screening, which would cause them to miss their flight and buy some time, people familiar with the call said.

U.S. officials couldn't fashion a consensus to approve either plan, and the FBI agents were permitted only to confiscate the Chinese officials' phones before the plane took off.

A State Department representative said in a written statement: "Decisions on these kinds of matters are based on interagency consensus."

In a written statement about the events provided to the Journal, a Justice Department spokesman said: "It is a criminal offense for an individual, other than a diplomatic or consular

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The Sherry-Netherland Hotel in Manhattan. PHOTO: MICHAEL BUCHER/THE WALL STREET JOURNAL

officer or attaché, to act in the United States as an agent of a foreign power without prior notification to the Attorney General.”

The spokesman added that the U.S. is “committed to continuing cooperation with China” on fugitive cases, and that the U.S. “is not a safe haven for fugitives from any nation.”

The U.S. and China have no extradition

treaty, a recurring point of tension. Since 2014, China has escalated its global efforts to capture Chinese fugitives accused of corruption, including those who have fled to the U.S. The initiative, dubbed “Operation Fox Hunt,” often involves pressuring relatives in China, confiscating the target’s assets and sending agents to deliver personal threats.

Beijing officials tell their American counterparts they are justified in engaging in such activities because the U.S. carries out similar operations on foreign soil as well, U.S. law-enforcement officials say.

In June, U.S. officials revisited the JFK incident during a policy coordination meeting that grew heated.



Mr. Guo shows documents he says expose corruption in the Chinese government. PHOTO: MICHAEL BUCHER/THE WALL STREET JOURNAL

Ezra Cohen-Watnick, then senior director for intelligence programs at the National Security Council, confronted Susan Thornton, an East Asia expert who serves as Acting Assistant Secretary of State, charging her agency was improperly hindering law-enforcement efforts to address China’s repeated violations of U.S. sovereignty and law, according to people familiar with the discussion.

State department officials criticized the FBI for not seeking permission from them before initially engaging the Chinese officials, the people said.

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State Department official Laura Stone said she was already facing retaliation from Beijing, saying Chinese officials had allegedly confiscated her notebook as she was trying to leave the country, the people said.

The FBI's assistant director of the counterintelligence division, Bill Priestap, deadpanned in response: "Was it because you had been trying to kidnap and extort someone in China?"

Separately, at a June meeting in the Oval Office, counterintelligence officials briefed President Trump on Beijing's alleged efforts to steal cutting-edge research from labs and trade secrets from U.S. companies, according to people familiar with the meeting.

The president, surrounded by his top aides, including Vice President Mike Pence, his son-in-law Jared Kushner, his former chief strategist Steve Bannon and other national security and economic advisers, asked to see policy options in 90 days. In the meantime, he said he knew of at least one "Chinese criminal" the U.S. needed to immediately deport, according to the people.

"Where's the letter that Steve brought?" Mr. Trump called to his secretary. "We need to get this criminal out of the country," Mr. Trump said, according to the people. Aides assumed the letter, which was brought into the Oval Office, might reference a Chinese national in trouble with U.S. law enforcement, the people said.

The letter, in fact, was from the Chinese government, urging the U.S. to return Mr. Guo to China.

The document had been presented to Mr. Trump at a recent private dinner at the White House, the people said. It was hand-delivered to the president by Mr. Wynn, the Republican National Committee finance chairman, whose Macau casino empire cannot operate without a license from the Chinese territory.

A White House spokesman declined to comment.

Some aides tried to shut the topic of conversation down, including by noting Mr. Guo is a member of the president's Mar-a-Lago club in Palm Beach, Fla., according to the people familiar with the meeting. The aides later worked to prevent any possible attempts to deport Mr. Guo, an action they believed would deprive the U.S. of a key point of leverage to use against Beijing, the people said.



Mr. Guo in his apartment in New York. PHOTO: MICHAEL BUCHER/THE WALL STREET JOURNAL

In early September, Deputy Assistant Attorney General Bruce Swartz, who supervises the international affairs office at the Justice Department, traveled to China for an anticorruption conference and lodged a protest with Chinese law-enforcement

authorities about China's aggressive efforts to force alleged fugitives to return from the U.S., people familiar with the matter said.

While he was there, Beijing attempted to force another Chinese national to return from the U.S., the people said, without providing details.

On Oct. 4, Mr. Guo was scheduled to speak at the Hudson Institute, a prominent Washington think tank, the same day China's Public Security Minister Guo Shengkun was scheduled to meet with Attorney General Jeff Sessions and others for high-level talks on law enforcement and cybersecurity.

In the days leading up to the speech, the Hudson Institute detected a Shanghai-based attack aimed at shutting down access to its website, according to a spokesman. The Chinese Embassy

also called Hudson personnel warning them not to give Mr. Guo the opportunity to speak, according to several people who received such calls.

The institute canceled the event. Kenneth Weinstein, the Institute's president, said Beijing "sought to dissuade" it from holding the event but said the change of plans was caused by poor planning, not Chinese pressure.

Mr. Guo continued to antagonize the Chinese in the run-up to the Communist Party's twice-a-decade Congress, which began Wednesday. President Xi Jinping is seeking to solidify his position as the country's strongest leader in decades during the weeklong event.

Earlier this month at an event in Washington, Mr. Guo released copies of an alleged Chinese government document purporting to authorize a group of spies to be dispatched to the U.S. to stop him and other targets. Beijing has said the document is a forgery.

He also met with lawmakers and Mr. Bannon, the former White House chief strategist who continues to advocate that the U.S. take a hard line on economic negotiations with China. Mr. Guo posted photos of himself with Mr. Bannon on a new English-language Twitter account he recently launched.

—Nicole Hong and Michael C. Bender contributed to this article.

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